



# Department of Justice

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## **JUSTICE DEPARTMENT REQUIRES DIVESTITURE IN THE ACQUISITION OF KNIGHT RIDDER INC. BY THE McCLATCHY COMPANY**

### ***Divestiture of the St. Paul Pioneer Press Will Preserve Competition for Advertisers and Readers in Minneapolis/St. Paul***

WASHINGTON — The Department of Justice announced today that it will require The McClatchy Company and Knight Ridder Inc. to divest the *St. Paul Pioneer Press* in order to proceed with their proposed multi-billion dollar newspaper merger. The Department said that the transaction, as originally proposed, would have eliminated head-to-head competition between McClatchy and Knight Ridder and likely would have resulted in higher prices for advertisers and readers in the Minneapolis/St. Paul metropolitan area.

The Department's Antitrust Division filed a civil antitrust lawsuit today in U.S. District Court in Washington, D.C. to block the proposed transaction. At the same time, the Department filed a proposed consent decree that, if approved by the court, would resolve the lawsuit and the Department's competitive concerns. Under the terms of the consent decree, Knight Ridder can merge with and into McClatchy, but McClatchy must divest the *St. Paul Pioneer Press*.

"The divestiture required by the Department will preserve competition in the sale of daily newspapers in the Minneapolis/St. Paul metropolitan area, and in the sale of advertising in those newspapers," said Thomas O. Barnett, Assistant Attorney General for the Department's Antitrust Division.

According to the complaint, McClatchy's *Star Tribune* competes aggressively for advertisers and readers with Knight Ridder's *St. Paul Pioneer Press*. The Department said that competition between the two newspapers has resulted in lower prices and better quality news coverage for readers and lower advertising rates and better service for local advertisers. Ownership of both the *Star Tribune* and *St. Paul Pioneer Press* would have given McClatchy control of the only two daily newspapers serving the cities of Minneapolis and St. Paul in Minnesota and the surrounding area, the Department said.

McClatchy, a Delaware corporation with its headquarters in Sacramento, Calif., publishes 12 daily newspapers throughout the United States. It reported revenues of approximately \$1.1 billion in 2005.

Knight Ridder is a Florida corporation with its headquarters in San Jose, Calif. Knight Ridder publishes 32 daily newspapers throughout the United States and in 2005, the company reported revenues of approximately \$3 billion.

As required by the Tunney Act, the proposed settlement and the Department's competitive impact statement will be published in the Federal Register. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to John R. Read, Chief, Litigation III Section, Antitrust Division, United States Department of Justice, 325 7th Street N.W., Suite 300, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the proposed consent decree upon finding that it is in the public interest.

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